

## DDH Australian Shares Fund *(formerly Q Invest Australian Shares Fund)*

### Performance Report as at 30 September 2009

#### Investment objective

The Investment Access Australian Shares Fund aims to provide long term capital growth and some franked income through investment in Australian shares.

#### Risk/Return Profile

Medium to high.

#### Minimum Investment Time Frame

At least 7 years.

#### Commentary and outlook

The performance of the DDH Australian Shares Fund is set out below. Refer to the attached performance reports from QIC.

#### Performance

	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Inception % p.a.
Total Return	21.31	9.84	0.37	8.52	7.33
Growth return	21.31	5.38	-13.14	-6.48	-3.80
Distribution return	0.00	4.46	13.51	15.00	11.13

#### Performance notes:

1. Performance is calculated using IFSA Standard No. 6.00.
2. Performance figures have been calculated using exit to exit prices.
- 3 Total Return represents unit price movements and assumes all distributions are reinvested.
4. Growth Return represents unit price movement only.
5. Distribution Return represents the difference between Total Return and Growth Return.
6. All performance figures are net of ongoing fees and expenses.
7. Past performance is not a reliable indicator of future performance.
8. Inception date was 9 March 2002.

#### Unit Price

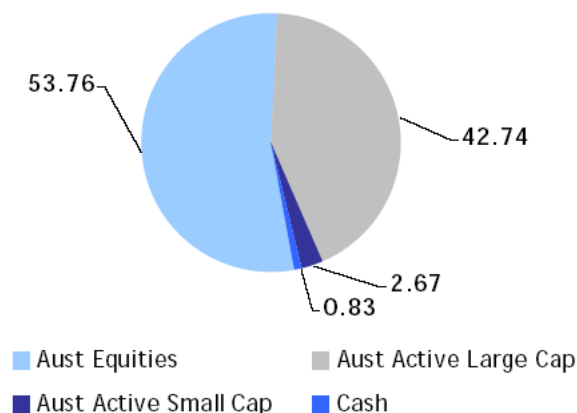
	As at 30-09-09
Entry price (ex distribution)	\$0.7488
Exit price (ex distribution)	\$0.7458

#### Asset allocation

	As at 30-09-09 (%)
Australian Equities	53.76
Aust. Active Large Cap	42.74
Aust. Active Small Cap	2.67
Cash	0.83

#### Portfolio Positioning

Effective exposure (%)



#### Income distribution

Distributions are half yearly at the end of June and December. Distributions may include realised capital gains from the disposal of underlying assets. Details of the final tax components of the distribution, including franking credits, will be advised to unitholders after 30 June 2009.

# QIC Australian Equities Fund

## Fund details at 30 September 2009



### Profile

Description	The Fund captures the performance of the Australian sharemarket by investing in a diversified portfolio of listed and unlisted securities and by the use of associated derivatives.
Objective	To outperform the S&P/ASX200 Accumulation Index by 1.00% per annum over a 3 year period.
Inception	June 1994
Size	AUD \$404.4 million

### Performance

Gross period returns (%)

Period	Fund	Benchmark
1 month	6.54	6.24
3 months	21.77	21.50
Financial year to date	21.77	21.50
1 year	10.63	8.34
3 years	1.25	1.65
5 years	9.74	9.98
7 years	11.51	11.66
Since inception	10.52	10.20

### Market Overview

The S&P/ASX index returned 21.50% in the third quarter, ending 51% above the 2009 closing low struck on March 6, which is the best quarterly return for 20 years. Australia kept pace with other developed markets in local currency (the S&P500 gained 15.0%, the Dow Jones Euro Stoxx 19.6%), however in US dollar (USD) terms, Australia was one of the strongest bourses in the world due to a 10% gain in the Australian dollar (AUD). Sector performance generally reflected a rotation to cyclical risk as it became clear the Australian economy was stabilising. Banks (+36%) led as investors became less concerned with loan losses provisioned against profits during the depths of the downturn. The cyclical theme however did little for the relative performance of resources (+11%), as commodity prices were mixed in AUD terms.

### Performance Drivers

The Fund posted a return of 21.77% for the quarter, against the S&P / ASX 200 Accumulation index return of 21.50%, outperforming by 0.27%.

Top contributors to our Fund performance included:

Asciano Group (AIO) – The Fund benefitted by 0.40% from its overweight position in the portfolio as it participated in the company's equity raising.

Telstra Corporation (TLS) – Our underweight position contributed 0.26% of performance to the Fund as regulatory changes were announced by the government to split the company.

Macquarie Group Limited (MQG) – The Fund benefitted by 0.21% from its overweight position in the portfolio as the bank re-emerged from the lows of the global financial crisis making astute acquisitions in the US.

Largest detractors from Fund performance included:

Brisconnections Unit Trusts (BCS) – BCS cost the Fund 0.51% in performance as the overweight position was impacted by a sell down post the payment of the second instalment.

BHP Billiton (BHP) – The Fund's overweight position detracted 0.22% in performance as commodity prices remained unchanged in AUD terms.

AMP Limited (AMP) – Our overweight position cost 0.16% of performance as a result of the release of the government's intention to regulate the superannuation industry in future and the Fund has since exited its position in AMP.

Top contributors to active return for the financial year to date (%)

Name	FYTD Contribution	Active Weight
Asciano Group	0.40	1.56
Telstra Corporation Ltd.	0.26	-1.69
Macquarie Group Ltd.	0.21	1.02
Sims Group	0.13	-0.30
Transurban Group	0.12	-0.47
Lihir Gold Ltd.	0.11	-0.39
Foster's Group Ltd.	0.11	-0.99

Name	FYTD Contribution	Active Weight
Commonwealth Bank of Australia	0.10	1.12
Brambles	0.10	1.31
AGL Energy Ltd.	0.10	-0.56

Top detractors from active return for the financial year to date (%)

Name	FYTD Contribution	Active Weight
Brisconnections Unit Trusts	-0.51	0.23
BHP Billiton Ltd.	-0.22	1.94
AMP Ltd.	-0.16	0.93
Goodman Group	-0.11	-0.33
Suncorp-Metway Ltd.	-0.11	-1.00
Dexus Property Group	-0.11	-0.36
Qantas Airways Ltd.	-0.11	-0.59
Newcrest Mining Ltd.	-0.11	0.20
Mirvac Group	-0.09	-0.40
Santos Ltd.	-0.09	0.45

## Outlook

The QIC Australian Equities team remain optimistic on the outlook for the Australian share market returns over the medium to long term. Interest rates domestically are expected to be raised before the end of 2009 and certainly before unemployment peaks in Australia in the first half of 2010.

We anticipate the economic recovery in Australia to be accompanied by an increase in merger and acquisition activity in 2010 as companies that have managed to restore their balance sheets look for opportunities to grow their business by acquiring companies that are undervalued or miss-priced.

Our focus remains unchanged in terms of investing in stocks where the potential growth and quality of a company's earnings profile and asset base has been underestimated, and therefore undervalued by the market.

## Portfolio Positioning

The portfolio is no longer defensively positioned and we anticipate companies with exposure to an improving macroeconomic environment to outperform into 2010. The domestic banking sector also offers strong opportunities for outperformance as it emerges with balance sheet restored from recent equity issuances, depleted competition, competitive funding and an improving bad debt profile.

Top ten holdings (%)

Name	Fund Weight	Active Weight
BHP Billiton Ltd.	13.59	1.94
Commonwealth Bank of Australia	8.35	1.12
Westpac Banking Corp.	6.65	-0.45
National Australia Bank Ltd.	6.61	0.63
ANZ Banking Group Ltd.	6.59	0.93
Wesfarmers Ltd.	4.12	1.31
Westfield Group	3.79	1.06
Rio Tinto Ltd.	3.14	0.77
Macquarie Group Ltd.	2.77	1.02
QBE Insurance Group Ltd.	2.75	0.50

Physical and derivative composition (%)

	Fund Weight
Physical equities	98.84
Cash	1.03
Exchange traded options	0.13

Notes:

- Returns greater than one year are annualised.
- Past performance is not a reliable indicator of future performance.

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# QIC Active Large Companies Fund

## Fund details at 30 September 2009



### Profile

Description	The Fund captures the performance of large capitalisation companies listed on the Australian Stock Exchange, by investing in a diversified portfolio of listed and unlisted securities and by the use of associated derivatives.
Objective	To outperform the S&P/ASX100 Accumulation Index by 1.75% per annum over a 3 year period.
Inception	December 2005
Size	AUD \$128.5 million

### Performance

Gross period returns (%)

Period	Fund	Benchmark
1 month	6.48	6.38
3 months	21.16	21.64
Financial year to date	21.16	21.64
1 year	13.20	9.06
3 years	2.97	2.08
Since inception	6.17	5.80

### Market Overview

The S&P/ASX index returned 21.50% in the third quarter, ending 51% above the 2009 closing low struck on March 6, which is the best quarterly return for 20 years. Australia kept pace with other developed markets in local currency (the S&P500 gained 15.0%, the Dow Jones Euro Stoxx 19.6%), however in US dollar (USD) terms, Australia was one of the strongest bourses in the world due to a 10% gain in the Australian dollar (AUD). Sector performance generally reflected a rotation to cyclical risk as it became clear the Australian economy was stabilising. Banks (+36%) led as investors became less concerned with loan losses provisioned against profits during the depths of the downturn. The cyclical theme however did little for the relative performance of resources (+11%), as commodity prices were mixed in AUD terms.

### Performance Drivers

The Fund posted a return of 21.16% for the quarter, against the S&P / ASX 100 Accumulation index return of 21.64%, underperforming by 0.48%.

Top contributors to our Fund performance included:

Telstra Corporation (TLS) – Our underweight position contributed 0.33% of performance to the Fund as regulatory changes were announced by the government to split the company.

Brambles (BXB) – Our overweight position benefitted the Fund by 0.32% as investors sought leverage to an increase in overall global economic activity via the company's Chep pallet business.

Macquarie Group (MQG) – The Fund benefitted by 0.28% from its overweight position in the portfolio as the bank re-emerged from the lows of the global financial crisis making astute acquisitions in the US.

Largest detractors from Fund performance included:

AMP Limited (AMP) – Our overweight position cost 0.26% of performance as a result of the release of the government's intention to regulate the superannuation industry in future and the Fund has since exited its position in AMP.

BHP Billiton (BHP) – The Fund's overweight position detracted 0.25% in performance as commodity prices remained unchanged in AUD terms.

Dexus Property Group (DXS) – An overweight position in the Dexus office trust cost the Fund 0.22% in performance and it has since sold its position.

Top contributors to active return for the financial year to date (%)

Name	FYTD Contribution	Active Weight
Telstra Corporation Ltd.	0.33	-1.60
Brambles	0.32	2.71
Macquarie Group Ltd.	0.28	1.20
Macquarie Goodman Group	0.16	0.00
Australian Stock Exchange	0.15	-0.58
Sims Group	0.14	-0.32

Name	FYTD Contribution	Active Weight
Commonwealth Bank of Australia	0.13	1.59
Transurban Group	0.13	-0.51
Foster's Group Ltd.	0.11	-1.06
AGL Energy Ltd.	0.11	-0.59

Top detractors from active return for the financial year to date (%)

Name	FYTD Contribution	Active Weight
AMP Ltd.	-0.28	-1.26
BHP Billiton Ltd.	-0.25	2.01
Dexus Property Group	-0.22	-0.38
Leighton Holdings Ltd.	-0.19	0.49
Rio Tinto Ltd.	-0.17	1.37
Macquarie Goodman Management Ltd.	-0.16	0.00
OneSteel Ltd.	-0.13	0.88
Goodman Group	-0.12	-0.35
Suncorp-Metway Ltd.	-0.12	-1.06
Lihir Gold Ltd.	-0.12	0.24

## Outlook

The QIC Australian Equities team remain optimistic on the outlook for the Australian share market returns over the medium to long term. Interest rates domestically are expected to be raised before the end of 2009 and certainly before unemployment peaks in Australia in the first half of 2010.

We anticipate the economic recovery in Australia to be accompanied by an increase in merger and acquisition activity in 2010 as companies that have managed to restore their balance sheets look for opportunities to grow their business by acquiring companies that are undervalued or miss-priced.

Our focus remains unchanged in terms of investing in stocks where the potential growth and quality of a company's earnings profile and asset base has been underestimated, and therefore undervalued by the market.

## Portfolio Positioning

The portfolio is no longer defensively positioned and we anticipate companies with exposure to an improving macroeconomic environment to outperform into 2010. The domestic banking sector also offers strong opportunities for outperformance as it emerges with balance sheet restored from recent equity issuances, depleted competition, competitive funding and an improving bad debt profile.

Top ten holdings (%)

Name	Fund Weight	Active Weight
BHP Billiton Ltd.	14.40	2.01
Commonwealth Bank of Australia	9.28	1.59
National Australia Bank Ltd.	7.40	1.04
Westpac Banking Corp.	7.20	-0.35
ANZ Banking Group Ltd.	7.07	1.05
Wesfarmers Ltd.	4.70	1.71
Rio Tinto Ltd.	3.90	1.37
Westfield Group	3.89	0.99
Brambles	3.85	2.71
QBE Insurance Group Ltd.	3.40	1.00

Physical and derivative composition (%)

	Fund Weight
Physical equities	98.09
Exchange traded options	1.34
Cash	0.58

Notes:

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# QIC Active Small Companies Fund

## Fund details at 30 September 2009



### Profile

Description	The Fund captures the performance of smaller capitalisation companies listed on the Australian Stock Exchange, by investing in a diversified portfolio of listed and unlisted securities and by the use of associated derivatives.
Objective	To outperform the S&P/ASX Small Ordinaries Accumulation Index by 5.00% per annum over a 3 year period.
Inception	December 2005
Size	AUD \$62.8 million

### Performance

Gross period returns (%)

Period	Fund	Benchmark
1 month	7.97	5.05
3 months	31.61	21.82
Financial year to date	31.61	21.82
1 year	3.80	6.26
3 years	-5.42	-1.65
Since inception	1.20	3.48

### Market Overview

The S&P/ASX index returned 21.50% in the third quarter, ending 51% above the 2009 closing low struck on March 6, which is the best quarterly return for 20 years. Australia kept pace with other developed markets in local currency (the S&P500 gained 15.0%, the Dow Jones Euro Stoxx 19.6%), however in US dollar (USD) terms, Australia was one of the strongest bourses in the world due to a 10% gain in the Australian dollar (AUD). Sector performance generally reflected a rotation to cyclical risk as it became clear the Australian economy was stabilising. Banks (+36%) led as investors became less concerned with loan losses provisioned against profits during the depths of the downturn. The cyclical theme however did little for the relative performance of resources (+11%), as commodity prices were mixed in AUD terms.

### Performance Drivers

The Fund returned 31.61% over the quarter outperforming its benchmark of 21.82%.

The top performers to our performance included:

Transfield Services (TSE) – TSE provides maintenance and asset management services in Australia and North America. TSE has performed strongly during the quarter after reporting a financial year 2009 profit result in line with previous guidance of greater than 10% net profit growth. The company indicated it will benefit from the Australian governments stimulus spending on schools and housing. The company also said its US operations have begun to improve after previous poor performance. The Fund had an overweight position which added 0.95% to performance.

The MAC Services Group (MSL) – MSL provides accommodation services to coal and other mining companies. MSL outperformed the index during the September quarter. The stock rebounded from being oversold in previous months because of concern about the impact of falling commodity prices. MSL's business will be less affected than other mining related industrial companies because it is tied to mining production volumes at existing mines rather than capital expenditure to build new mines. The Fund had an overweight position which added 0.65% to performance.

Talent 2 International (TWO) – TWO consists of two divisions of similar size, a managed services business and a recruitment business. The managed services business has longer term contracts and annuity style earnings. This division has grown strongly over the last few years. The other division, the recruitment division, is cyclical and has suffered in the recent downturn. Earlier this year the market valued the company as a cyclical recruitment company and ignored the strengths if the managed services company. In August, the company reported their full year's results which highlighted the quality of the managed services division and the turnaround in the recruitment division was underway due the improving economic conditions. The shares increased 62% during the quarter and contributed 0.63% to the Funds performance.

The main detractors from performance were:

ING Industrial Fund (IIF) – During the quarter IIF announced results of its 30 June property revaluations and a new banking syndicate. IIF has major financing issues with too much debt. While the market rerated the shares they are long way from being investment grade. The share price rise cost the Fund 0.44%.

Challenger Financial Services Group (CGF) – CGF is a financial services firm with operations in funds management, life, and mortgages. CGF outperformed during the quarter after selling its mortgage management business to NAB for \$385 million, a higher value than expected by the market. The Fund had an underweight position in CGF which detracted 0.35% from performance.

Emeco Holdings (EHL) – EHL provides equipment hire to the mining industry. EHL's financial year 2009 profit results show that weaker commodity markets earlier in the year resulted in less demand for the company's equipment fleet and lower profits. However, the stock price rebounded considerably during the quarter because the recent increase in commodity prices indicate the outlook for the company is improving. EHL is likely to have better utilisation of its fleet and higher profit margins in the financial year 2010. The Fund had an underweight position in EHL which detracted 0.31% from performance.

Top contributors to active return for the financial year to date (%)

Name	FYTD Contribution	Active Weight
Transfield Services Ltd.	0.94	1.46
The Mac Services Group Ltd.	0.66	2.39
Talent2 International Ltd.	0.63	2.37
Virgin Blue Holdings Ltd.	0.56	1.64
Programmed Maintenance Services Ltd.	0.55	1.38
HFA Holdings Ltd.	0.51	-0.12
SMS Management & Technology Ltd.	0.49	3.62
Customers Ltd.	0.43	1.64
Sigma Pharmaceuticals Ltd.	0.43	-1.39
RP Data Ltd.	0.42	2.06

Top detractors from active return for the financial year to date (%)

Name	FYTD Contribution	Active Weight
ING Industrial Fund	-0.40	-0.69
Challenger Financial Services Group Ltd.	-0.35	-1.97
Emeco Holdings	-0.31	-0.60
Flight Centres	-0.29	-0.93
Biota Holdings Ltd.	-0.27	-0.53
Lynas Corporation Ltd.	-0.25	-0.64
Cudeco Ltd.	-0.25	-0.68
Avoca Resources Ltd.	-0.24	0.61
Tower Australia Group Ltd.	-0.23	1.01
Centro Properties	-0.20	-0.38

## Outlook

The QIC Australian Equities team remain optimistic on the outlook for the Australian share market returns over the medium to long term. Interest rates domestically are expected to be raised before the end of 2009 and certainly before unemployment peaks in Australia in the first half of 2010.

We anticipate the economic recovery in Australia to be accompanied by an increase in merger and acquisition activity in 2010 as companies that have managed to restore their balance sheets look for opportunities to grow their business by acquiring companies that are undervalued or miss-priced.

Our focus remains unchanged in terms of investing in stocks where the potential growth and quality of a company's earnings profile and asset base has been underestimated, and therefore undervalued by the market.

## Portfolio Positioning

The portfolio positioning continues to be towards the cyclical sectors, specifically the industrial, financial and consumers discretionary sectors. Within those sectors there is a strong bias towards financial, mining services, media and IT sectors. The portfolio remains underweight energy, material, utilities and property. The underweight positions in the energy and materials sector is due to the lack of investment grade stocks rather than a negative view of those sectors.

#### Top ten holdings (%)

Name	Fund Weight	Active Weight
SMS Management & Technology Ltd.	4.02	3.62
IOOF Holdings Ltd.	3.74	2.74
APN News & Media	3.40	2.51
SAI Global Ltd.	3.38	2.80
Pacific Brands Ltd.	3.31	2.07
Mirabela Nickel Ltd.	2.65	1.66
Henderson Group PLC	2.60	1.62
The Mac Services Group Ltd.	2.54	2.39
GNC	2.45	1.61
Virgin Blue Holdings Ltd.	2.38	1.64

#### Physical and derivative composition (%)

	Fund Weight
Physical equities	99.09
Cash	0.91
Exchange traded options	0.00

#### Notes:

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